

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name VILLAGE OF CONCORD	County JACKSON
Audit Date DECEMBER 31, 2004	Opinion Date FEBRUARY 3, 2005	Date Accountant Report Submitted to State MARCH 10, 2005	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:


1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) Karl L. Drake, CPA			
Street Address 3775 Kimmel Road		City Horton	State MI
Zip 49246		Accountant Signature 	

**VILLAGE
OF
CONCORD**

FINANCIAL STATEMENTS

DECEMBER 31, 2004

VILLAGE OF CONCORD

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-7
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Assets	9
Statement of Activities	10
Fund Financial Statements	
Balance Sheet - Governmental Funds	11
Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds	12
Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	13
Proprietary Fund	
Statement of Net Assets	14
Statement of Revenue, Expenses and Changes in Net Assets	15
Statement of Cash Flow	16
Fiduciary Fund	
Statement of Fiduciary Net Assets	17
Notes to Financial Statements	18-30
REQUIRED SUPPLEMENTAL INFORMATION	
Budgetary Comparison Schedule - General Fund	32
Budgetary Comparison Schedule - Major Street Fund	33
Budgetary Comparison Schedule - Local Street Fund	34
OTHER SUPPLEMENTAL INFORMATION	
General Fund	
Balance Sheet	36
Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual	37
Statement of Revenue - Compared to Budget	38
Statement of Expenditures - Compared to Budget	39-42

Special Revenue Funds	
Combining Balance Sheet.....	43
Combining Statement of Revenue, Expenditures and Changes in Fund Balance.....	44
Major Street Fund	
Balance Sheet.....	45
Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual -.....	46
Local Street Fund	
Balance Sheet.....	47
Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual	48
Proprietary Fund	
Comparative Balance Sheet.....	49
Comparative Statement of Revenue, Expenses, and Changes in Retained Earnings.....	50
Agency Fund	
Statement of Changes in Asset and Liabilities.....	51
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	52

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INDEPENDENT AUDITOR'S REPORT

Village Council
Village of Concord
Concord, Michigan 49237

We have audited the accompanying financial statements of the governmental activities, business-type activities and each major fund of the Village of Concord, as of and for the year ended December 31, 2004, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Concord's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with United States generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities and each major fund of the Village of Concord as of December 31, 2004, and the respective changes in financial position, thereof for the year then ended in conformity with United States generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2005, on our consideration of the Village of Concord's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts and grants.

Village Council
Village of Concord

The administration's discussion and analysis and budgetary comparison information on pages 3 through 8 and pages 31-34 are not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Concord's basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

A handwritten signature in cursive script that reads "Karl L. Drake".

Karl L. Drake, P.C.
Certified Public Accountant

February 3, 2005

This section of the Village of Concord's annual financial report presents our discussion and analysis of the Village's financial performance during the fiscal year ended December 31, 2004. It is best read in conjunction with the Village's financial statements that follow this section.

Overview

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the Village of Concord financially and the two types of statements present different views of the Village. The government-wide statements reflect information about the activities of the entire Village, presenting an aggregate view and a longer-term view of the Village's overall financial status. The fund financial statements focus on individual components of Village government, reporting the Village's operations in more detail and demonstrating how services were financed in the short term.

Government-Wide Statements

The Statement of Net Assets and the Statement of Activities report information about the Village as a whole using accounting methods similar to those used by private-sector companies. These statements are prepared to include all assets and liabilities, using the accrual basis of accounting. All of the year's revenues and expenses are taken into account regardless of when cash is received or paid. The two government-wide statements report the Village's net assets – the difference between assets and liabilities- as one way to measure the Village's financial health or position. Over time, increases or decreases in the Village's net assets are an indicator of whether its financial health is improving or deteriorating. To assess the overall health of the Village you need to consider additional non-financial factors such as changes in the Village's property tax base and the condition of the Village's streets.

The government-wide financial statements of the Village are divided into two categories:

- *Governmental activities* - Most of the Village's basic services are included here, such as public works, parks and general administration. Property taxes and state and federal grants finance most of these activities.
- *Business-type activities* - Operation and maintenance of the water system, sanitary sewer system, and solid waste disposal system is included here. The Village charges fees to customers to cover the costs of providing these services.

Fund Financial Statements

The fund financial statements provide more detailed information about the Village's most significant funds, not the Village as a whole. The Village Council establishes funds as needed to help it control and manage money for particular purposes or to demonstrate that it is meeting legal responsibilities.

The Village currently has two types of funds:

Governmental funds - Most of the Village's basic services are included in governmental funds that focus on how money flows in and out and the balances remaining at year-end that are available for spending. Activity is reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the Village that helps you determine whether there are more or fewer resources that can be spent in the near future to finance the Village's programs. We describe the relationship between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds in a reconciliation.

Proprietary funds - Services for which the Village charges customers a fee are reported in proprietary funds. Proprietary fund statements provide both long and short-term financial information. The Village's enterprise fund, the Joint Fund, is a type of proprietary fund.

The Village as a Whole

The statement of net assets presents the perspective of the Village as a whole. Table 1 provides a summary of the Village's net assets as of December 31, 2004, in thousands of dollars.

TABLE 1	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current and Other Assets	\$ 496.1	\$ 44.4	\$ 540.5
Capital Assets	1,416.1	1,432.5	2,848.6
TOTAL ASSETS	1,912.2	1,476.9	3,389.1
LIABILITIES			
Current Liabilities	82.5	75.9	158.4
Long-Term Liabilities	264.5	44.0	308.5
TOTAL LIABILITIES	347.0	119.9	466.9
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	1,099.4	1,377.5	2,476.9
Restricted	2.2	---	2.2
Unrestricted	463.6	-20.5	443.1
TOTAL NET ASSETS	\$ 1,565.2	\$ 1,357.0	\$ 2,922.2

VILLAGE OF CONCORD

Management's Discussion and Analysis

The Village as a Whole (Continued)

Since this is the first year the Village has prepared financial statements under the new reporting model, GASB 34, a comparative analysis with the prior year is not included. In both the governmental and business-type activities, capital assets are depreciated on a straight-line basis.

The Village's combined net assets were \$2.9 million at December 31, 2004. Capital assets (net of related debt) totaling \$2.5 million compares the historical cost, less depreciation, to the long-term debt used to finance the acquisition of those assets. In the governmental activities, the Village currently has \$2.2 thousand of net assets restricted for Debt Service. (Restricted net assets are reported separately to reflect any assets that cannot be used for daily operations due to legal constraints from debt covenants.) The \$443,000 in combined unrestricted net assets reflects the accumulated results of all past years' operations.

The following table shows the revenue and expense activity during the current fiscal year and the change in net assets (in thousands of dollars), as reported in the statement of activities.

TABLE 2	Governmental Activities	Business-Type Activities	Total
REVENUE			
Program Revenue			
Charges for services	\$ 104.2	\$ 314.8	\$ 419.0
General Revenue			
Property taxes	302.9	---	302.9
State entitlements	220.5	---	220.5
Interest earnings	4.1	.7	4.8
Other	96.2	54.8	151.0
TOTAL REVENUE	727.9	370.3	1,098.2
EXPENSES			
General Government	141.6	---	141.6
Public Safety	193.0	---	193.0
Public Works	193.0	---	193.0
Recreation	---	---	---
Interest On Long Term Debt	18.8	---	18.8
Depreciation (Unallocated)	151.4	---	151.4
Joint Fund Expenses	---	330.1	330.1
TOTAL EXPENSES	697.8	330.1	1,027.9
CHANGE IN NET ASSETS	\$ 30.1	\$ 40.2	\$ 70.3

Governmental Activities

The governmental activities experienced an increase in net assets of \$30,000. The primary reasons were higher than expected revenue and reduced transfers to other funds.

Business-Type Activities

The Village's business-type activity consists of the Joint Fund. This fund experienced an increase in net assets of \$40,000. Usage fee revenues are growing slowly at the current rate as a result of new connections on the system and rate increases. However, the additional revenue has not outpaced increases in expenses especially in the area of employee benefits

The Village's Funds

Our analysis of the Village's major funds follows the government-wide financial statements. As noted earlier, the Village creates funds to help manage money for specific purposes and to demonstrate accountability for certain activities. The Village's major governmental funds are the General Fund, the Major Street Fund, and the Local Street Fund.

The General Fund pays for most of the Village's governmental services and supports capital improvements in the street funds. The General Fund is supported mainly by property taxes and state shared revenue, while the street funds are financed by the state gas and weight tax and transfers from the General Fund. As we completed the year, the governmental funds reported a combined fund balance of \$481,000, which is an increase of \$68,000 from the previous year.

General Fund Budgetary Highlights

Over the course of the year, the Village amended the budget in response to changing events. The most significant adjustments were due to the following circumstances:

- An increase in Village property taxable value causing property tax revenue to increase
- An increase in state shared revenue
- An increase in equipment rental income
- An increase in land sales revenue
- Necessary transfers to the joint fund

With these adjustments, actual expenditures were \$5,000 below final budget amounts.

VILLAGE OF CONCORD

Management's Discussion and Analysis

Capital Asset and Debt Administration

At the end of the 2004 fiscal year, the Village managed capital assets valued at over \$2.8 million including property, buildings, streets, drains, equipment, and water and sewer lines.

	Capital Assets Net of Accumulated Depreciation (dollars are in thousands)					
	Governmental Activities		Business-Type Activities		Totals	
	2004	2003	2004	2003	2004	2003
Non-Depreciable Assets						
Land	\$ 140	\$ 140	\$ 45	\$ 45	\$ 185	\$ 185
Depreciable Assets						
Vehicles	295	353	---	---	295	353
Equipment	280	314	---	---	280	314
Infrastructure	701	700	1,387	1,356	2,088	2,056
Total	\$ 1,416	\$ 1,507	\$ 1,432	\$ 1,401	\$ 2,848	\$ 2,908

At year-end, the Village had \$362,000 in outstanding long-term debt. Employee compensated absences account for the Village's remaining long-term debt.

Economic Factors and Next Year's Budgets and Rates

In preparing the 2005 budget, the Village expects similar activity levels to 2004. The Village will be dividing the joint fund into separate funds for its three components - water, sewer and solid waste. State shared revenues have been consistently declining in recent years, and this trend is expected to continue. Other revenues are expected to be consistent to 2004 totals.

Contacting the Village's Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Village's finances and to demonstrate the Village's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Village Clerk, 110 Hanover Street, Concord, MI 49237.

BASIC FINANCIAL STATEMENTS

VILLAGE OF CONCORD

Government-Wide Financial Statements

STATEMENT OF NET ASSETS

DECEMBER 31, 2004

	Governmental Activities	Business Type Activities	Total
ASSETS			
Current Assets			
Cash and Investments	\$ 364,501	\$ 38,326	\$ 402,827
Due From Other Governmental Units	---	---	---
Accounts Receivable	82,376	5,398	87,774
Prepaid Expenditures	39,082	714	39,796
Inventory	10,130	---	10,130
Total Current Assets	496,089	44,438	540,527
Non-Current Assets			
Capital Assets	2,239,576	3,009,077	5,248,653
Less: Accumulated Depreciation	-823,417	-1,576,645	-2,400,062
Total Non-Current Assets	1,416,159	1,432,432	2,848,591
TOTAL ASSETS	\$ 1,912,248	\$ 1,476,870	\$ 3,389,118
LIABILITIES AND NET ASSETS			
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 15,279	\$ 60,891	\$ 76,170
Accrued Interest	9,546	---	9,546
Notes and Bonds Payable, Due within One Year	57,681	15,000	72,681
Total Current Liabilities	82,506	75,891	158,397
Non-Current Liabilities			
Deferred Revenue	---	4,057	4,057
Notes and Bonds Payable	249,498	40,000	289,498
Compensated Absences	14,992	---	14,992
Total Non-Current Liabilities	264,490	44,057	308,547
TOTAL LIABILITIES	346,996	119,948	466,944
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	1,099,434	1,377,432	2,476,866
Restricted for Debt Service	2,223	---	2,223
Unrestricted	463,595	-20,510	443,085
TOTAL NET ASSETS	1,565,252	1,356,922	2,922,174
TOTAL LIABILITIES AND NET ASSETS	\$ 1,912,248	\$ 1,476,870	\$ 3,389,118

See Accompanying Notes to Financial Statements

STATEMENT OF ACTIVITES
YEAR ENDED DECEMBER 31, 2004

		Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges For Services	Operating Grants	Governmental Activities	Business Type Activities	Total
FUNCTIONS/PROGRAMS						
Governmental Activities						
General Government	\$ 141,570	\$ ---	\$ ---	\$ -141,570	\$ ---	\$ -141,570
Public Safety	192,980	104,238	---	-88,742	---	-88,742
Public Works	192,951	---	---	-192,951	---	-192,951
Recreational and Cultural	---	---	---	---	---	---
Interest on Long-Term Debt	18,893	---	---	-18,893	---	-18,893
Depreciation (Unallocated)	151,494	---	---	-151,494	---	-151,494
Total Governmental Activities	697,888	104,238	---	-593,650	---	-593,650
Business-Type Activities	330,133	314,830	---	---	-15,303	-15,303
Total Activities	\$ 1,028,021	\$ 419,068	\$ ---	\$ -593,650	\$ -15,303	\$ -608,953
General Revenue						
Taxes						
Property Taxes, Levied for General Operations				\$ 302,949	\$ ---	\$ 302,949
Property Taxes, Levied for Debt Service				---	---	---
State of Michigan Aid, Unrestricted				220,470	---	220,470
Interest Earnings				4,124	686	4,810
Transfer In <Out>				-54,762	54,762	---
Other				150,999	---	150,999
Total General Revenue				623,780	55,448	679,228
CHANGE IN NET ASSETS				30,130	40,145	70,275
NET ASSETS - BEGINNING OF YEAR				1,535,122	1,316,777	2,851,899
NET ASSETS - END OF YEAR				\$ 1,565,252	\$ 1,356,922	\$ 2,922,174

See Accompanying Notes to Financial Statements.

VILLAGE OF CONCORD

Fund Financial Statements

BALANCE SHEET - GOVERNMENTAL FUNDS

DECEMBER 31, 2004

	General	Major Street	Local Street	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 242,241	\$ 71,567	\$ 50,693	\$ 364,501
Accounts Receivable	14,746	---	5,157	19,903
Due from Other Governmental Units	---	---	---	---
Due from Other Funds	62,473	---	---	62,473
Prepaid Expenditures	38,233	425	424	39,082
Inventory	10,130	---	---	10,130
TOTAL ASSETS	\$ 367,823	\$ 71,992	\$ 56,274	\$ 496,089
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 8,980	\$ 1,683	\$ 339	\$ 11,002
Due to Other Funds	---	1,998	2,279	4,277
Deferred Revenue	---	---	---	---
TOTAL LIABILITIES	8,980	3,681	2,618	15,279
FUND BALANCES				
Reserved for Debt Service	---	2,223	---	2,223
Unreserved, Designated	4,971	---	---	4,971
Unreserved and Undesignated	353,872	66,088	53,656	473,616
TOTAL FUND BALANCES	358,843	68,311	53,656	480,810
TOTAL LIABILITIES AND FUND BALANCES	\$ 367,823	\$ 71,992	\$ 56,274	\$ 496,089
TOTAL GOVERNMENTAL FUND BALANCES				\$ 480,810
Amounts reported for governmental activities in the statement of net assets are different because:				
Capital assets used in governmental activities are not financial resources, and are not reported in the funds:				
Cost of the Capital Assets				2,239,576
Accumulated Depreciation				<u>-823,417</u>
				1,416,159
Long-term Liabilities are not due and payable in the current period and are not reported in the fund:				
Bonds Payable				-307,179
Compensated Absences				-14,992
Accrued interest is not included as a liability in governmental funds				<u>-9,546</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES				<u>\$ 1,565,252</u>

See Accompanying Notes to Financial Statements.

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS**

YEAR ENDED DECEMBER 31, 2004

	General	Major Street	Local Street	Totals
REVENUE				
Property Taxes	\$ 242,776	\$ ---	\$ 60,173	\$ 302,949
State Grants	116,533	71,212	32,725	220,470
Charges for Services	104,238	---	---	104,238
Interest	2,562	765	797	4,124
Other	149,576	712	711	150,999
TOTAL REVENUE	615,685	72,689	94,406	782,780
EXPENDITURES				
General Government	154,239	---	---	154,239
Public Safety	192,980	---	---	192,980
Public Works	57,668	41,204	94,079	192,951
Recreational and Cultural	---	---	---	---
Debt Service	---	17,830	---	17,830
Capital Outlay	101,926	---	---	101,926
TOTAL EXPENDITURES	506,813	59,034	94,079	659,926
EXCESS OF REVENUE OVER <UNDER> EXPENDITURES	108,872	13,655	327	122,854
OTHER FINANCING SOURCES <USES>				
Operating Transfers In	---	---	---	---
Operating Transfers Out	-54,762	---	---	-54,762
TOTAL OTHER FINANCING SOURCES <USES>	-54,762	---	---	-54,762
NET CHANGE IN FUND BALANCES	54,110	13,655	327	68,092
FUND BALANCES - BEGINNING OF YEAR	304,733	54,656	53,329	412,718
FUND BALANCES - END OF YEAR	\$ 358,843	\$ 68,311	\$ 53,656	\$ 480,810

See Accompanying Notes to Financial Statements.

**RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES****YEAR ENDED DECEMBER 31, 2004****NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS** **\$ 68,092**

Amounts reported for governmental activities in the statement of activities are different because:

- Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation.

Depreciation Expense

-151,494

Capital Outlay

60,527-90,967

- Accrued interest is recorded in the statement of activities when incurred; it is not reported in governmental funds until paid

1,570

- Repayments of note and bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)

55,212

- Compensated absences are included in expenditures in the statement of activities but not in the governmental funds

-3,777**CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES****\$ 30,130**

STATEMENT OF NET ASSETS**DECEMBER 31, 2004**

	<u>Sewer Fund</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 38,326
Accounts Receivable	5,398
Prepaid Expenses	<u>714</u>
Total Current Assets	<u>44,438</u>
Non-Current Assets	
Capital Assets	<u>1,432,432</u>
TOTAL ASSETS	<u>\$ 1,476,870</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	2,840
Due to Other Funds	58,051
Current Portion of Bonds Payable	<u>15,000</u>
Total Current Liabilities	<u>75,891</u>
Long-Term Liabilities	
Deferred Revenue	4,057
Bonds Payable - Net of Current Portion	<u>40,000</u>
Total Long-Term Liabilities	<u>44,057</u>
TOTAL LIABILITIES	<u>119,948</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	1,377,432
Restricted for Debt Service	---
Unrestricted	<u>-20,510</u>
TOTAL NET ASSETS	<u>\$ 1,356,922</u>

See Accompanying Notes to Financial Statements.

VILLAGE OF CONCORD

Proprietary Fund

STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET ASSETS PROPRIETARY FUND

FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Sewer Fund</u>
OPERATING REVENUE	
Charges for Services	<u>\$ 314,830</u>
OPERATING EXPENSES	
Wages and Benefits	53,352
Dues and Training	2,895
Operating Supplies	17,789
Contractual Services	109,506
Equipment Usage	17,403
Repairs and Maintenance	25,460
Utilities	12,257
Insurance	3,856
Depreciation	83,045
Professional Fees	<u>1,300</u>
TOTAL OPERATING EXPENSES	<u>326,863</u>
OPERATING INCOME <LOSS>	-12,033
NON-OPERATING REVENUE <EXPENSES>	
Transfer In <Out>	54,762
Interest Revenue	686
Interest and Fees Expense	<u>-3,270</u>
TOTAL NON-OPERATING REVENUE <EXPENSES>	<u>52,178</u>
CHANGE IN NET ASSETS	40,145
NET ASSETS - BEGINNING	<u>1,316,777</u>
NET ASSETS - ENDING	<u><u>\$ 1,356,922</u></u>

See Accompanying Notes to Financial Statements.

STATEMENT OF CASH FLOW
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Sewer Fund</u>
CASH FLOW FROM OPERATING ACTIVITIES	
Cash Received from Customers	\$ 317,481
Cash Payments for Goods and Services	-178,308
Cash Payments to Employees	<u>-53,352</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>85,821</u>
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES	---
Transfer In <Out>	54,762
Increase <Decrease> in Due to Other Funds	<u>27,040</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>81,802</u>
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal Payments	-15,000
Interest Paid	<u>-3,270</u>
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>-18,270</u>
CASH FLOW FROM INVESTING ACTIVITIES	
Receipts of Interest and Dividends	686
Sale of Assets	---
Purchase of Assets	<u>-114,030</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>-113,344</u>
NET INCREASE IN CASH	36,009
CASH - BEGINNING OF YEAR	<u>2,317</u>
CASH - END OF YEAR	<u><u>\$ 38,326</u></u>
RECONCILIATION OF OPERATING INCOME <LOSS> TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income <Loss>	-12,033
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation Expense	83,045
Decrease <Increase> in Accounts Receivable	2,651
Decrease <Increase> in Prepaid Expenses	10,814
Increase <Decrease> in Accounts Payable	<u>1,344</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 85,821</u></u>

See Accompanying Notes to Financial Statements.

STATEMENT OF FIDUCIARY NET ASSETS**DECEMBER 31, 2004****ASSETS**

Cash and Cash Equivalents	\$ 145
Accounts Receivable	<u>---</u>

TOTAL ASSETS	<u>\$ 145</u>
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LIABILITIES

Due to Other Funds	\$ 145
Due to Others	<u>---</u>

TOTAL LIABILITIES	<u>\$ 145</u>
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NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Village conform to United States generally accepted accounting principles as applicable to governmental units. The following is a summary of the significant accounting policies.

A. REPORTING ENTITY

The Village of Concord is a general law village located in Jackson County, Michigan. The Village operates under an elected council consisting of nine members and provides various services to its more than 1,100 residents.

As defined by Governmental Accounting Standards Board (GASB) No. 14, the financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The primary government has financial accountability if it:

1. appoints a voting majority of the organization's board, and has the ability to impose its will on the organization; or
2. there is a potential for the component unit to provide certain financial benefits to, or impose certain financial burdens on, the primary government.

Based on the above criteria, no additional organizations or entities are included in these financial statements.

B. BASIS OF PRESENTATION

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments, and other items not properly included among program revenues are reported instead as general revenue.

NOTES TO FINANCIAL STATEMENTS

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Government-Wide Statements - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants, categorical aid and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

Fund Based Statements - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and severance pay, are recorded only when payment is due.

Property taxes, unrestricted state aid, intergovernmental grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

GOVERNMENTAL FUNDS

General Fund - The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than Building and Site Funds) that are legally restricted to expenditures for specified purposes. The Special Revenue Funds maintained by the Village are the Major Street Fund and Local Street Fund.

PROPRIETARY FUNDS

Enterprise Funds - Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through use charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relate to charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

C. BUDGETS AND BUDGETARY ACCOUNTING

The General Fund and Special Revenue Funds are under formal budgetary control. Budgets are adopted on the modified accrual basis of accounting. Amendments are by action of the Board.

P.A. 621 of 1978, Section 18 (1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Village's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the Village for these budgetary funds were adopted at the functional level.

D. PROPERTY TAXES

Real and personal property taxes are assessed as of December 31, and attach as an enforceable lien on property as of July 1, of the subsequent year. Taxes are due and payable as of September 15. The Township of Concord prepares the tax bills for the Village of Concord, and the Village collects the taxes prior to return to Jackson County. The property tax revenues in the accompanying financial statements were recognized as those levied during the year.

All unpaid taxes become delinquent after September 15, at which time the uncollected real taxes are returned to Jackson County for collection and to be added to the delinquent tax rolls. The County of Jackson purchases delinquent real property taxes of the Village of Concord. The County sells tax notes, the proceeds of which are used to pay the Village for the taxes. Such proceeds are usually of the current year in the accompanying financial statements.

VILLAGE OF CONCORD

NOTES TO FINANCIAL STATEMENTS

The Village is authorized to assess 15 mills for general operations. Millage rates levied for 2004 were 12.000 mills for operations and 3.000 mills for streets. Total taxable value of real and personal property in the Village was \$22,935,418.

The Village is responsible for the collection of delinquent personal property taxes.

E. CASH EQUIVALENTS

The Village considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents.

F. FINANCIAL INSTRUMENTS

The Village does not require collateral to support financial instruments subject to credit risk.

G. SHORT-TERM INTERFUND RECEIVABLES AND PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” on the balance sheet.

H. FUND EQUITY

Reservations of fund balance represent these portions of fund equity not appropriable for expenditure or legally segregated for a specific future use.

I. CAPITAL ASSETS

Capital assets, which include land, buildings, equipment, vehicles, and infrastructure assets (e.g. streets, bridges, drains) are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of 1 year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value materially extended asset life are not capitalized.

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and additions	15-50 years
Vehicles	5-10 years
Other equipment	5-20 years

J. LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period.

Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

K. TOTAL COLUMNS ON COMBINED STATEMENTS

Total columns on the Combined Statements are captioned (Memo Only) to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with United States generally accepted accounting principles. Neither is such data comparable to a consolidation. Inter-fund eliminations have not been made in the aggregation of this data.

L. RISK MANAGEMENT

The Village is exposed to various risks of loss to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Village carries commercial insurance. Liabilities in excess of insurance coverage, if any, are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

M. ESTIMATES

The preparation of financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 2 - DEPOSITS WITH FINANCIAL INSTITUTIONS

LEGAL OR CONTRACTUAL PROVISIONS FOR DEPOSITS AND INVESTMENTS

The Michigan Political Subdivisions Act No. 20, Public Acts of 1943, as amended by Act No. 217, Public Acts of 1982, states the Village, by resolution, may authorize investment of surplus funds as follows:

1. In bonds and other direct obligations of the United States or an agency or instrumentality of the United States.

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - DEPOSITS WITH FINANCIAL INSTITUTIONS (CONTINUED)

LEGAL OR CONTRACTUAL PROVISIONS FOR DEPOSITS AND INVESTMENTS (CONTINUED)

2. In certificates of deposit, savings accounts, or depository receipts of a bank, which is a member of the Federal Deposit Insurance Corporation; or a savings and loan association, which a member of the Federal Savings and Loan Insurance Corporation; or a credit union, which is insured by the National Credit Union Association; but only if the bank, savings and loan association, or credit union complies with Subsection (2).
3. In commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and which matures not more than 270 days after the date of purchase. Not more than 50% of any fund may be invested in commercial paper at any time.
4. In United States government or Federal agency obligation repurchase agreements.
5. In bankers' acceptances of United States banks.
6. In mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Village is in compliance with State law regarding their cash deposits.

The Village maintains all of its cash deposits at one bank.

The Governmental Accounting Standards Board Statement No. 3 risk disclosures for the Village's cash deposits are as follows:

<u>Deposits</u>	<u>Book Value</u>	<u>Carrying Amounts</u>
Insured (FDIC)	\$ 100,000	\$ 100,000
Uninsured & Uncollateralized	302,827	316,689
Total Deposits	<u>\$ 402,827</u>	<u>\$ 416,689</u>

The differences between the book value and the bank carrying amounts are caused by deposits in transit and outstanding checks.

NOTE 3 - ACCUMULATED FUND DEFICITS

There were no accumulated fund deficits at December 31, 2004.

NOTE 4 - DUE TO/FROM OTHER FUNDS

Due to/due from at December 31, 2004, consisted of the following:

Due To:		Due From:	
General Fund	\$ 58,051	Joint Fund	\$ 58,051
General Fund	1,998	Major Street	1,998
General Fund	2,279	Local Street	2,279
General Fund	<u>145</u>	Agency Fund	<u>145</u>
	<u>\$ 62,473</u>		<u>\$ 62,473</u>

NOTE 5 - CAPITAL ASSETS

Capital asset activity of the Village's Governmental activities was as follows:

	Balance January 1, 2004	Additions	Disposals and Adjustments	Balance December 31, 2004
Assets not being depreciated:				
Land	\$ 140,000	\$ ---	\$ ---	\$ 140,000
Capital assets being depreciated:				
Vehicles	609,223	---	---	609,223
Equipment	391,562	60,173	55,173	396,562
Infrastructure	<u>1,038,264</u>	<u>55,527</u>	<u>---</u>	<u>1,093,791</u>
Subtotal	<u>2,039,049</u>	<u>115,700</u>	<u>55,173</u>	<u>2,099,576</u>
Accumulated depreciation:				
Vehicles	256,606	57,148	---	313,754
Equipment	77,159	39,656	---	116,815
Infrastructure	<u>338,158</u>	<u>54,690</u>	<u>---</u>	<u>392,848</u>
Subtotal	<u>671,923</u>	<u>151,494</u>	<u>---</u>	<u>823,417</u>
Net capital assets being depreciated	<u>1,367,126</u>	<u>-35,794</u>	<u>55,173</u>	<u>1,276,159</u>
Net capital assets	<u>\$ 1,507,126</u>	<u>\$ -35,794</u>	<u>\$ 55,173</u>	<u>\$ 1,416,159</u>

Depreciation expense was not charged to activities as the Village considers its assets to impact multiple activities and allocation is not practical.

VILLAGE OF CONCORD

NOTES TO FINANCIAL STATEMENTS

NOTE 5 - CAPITAL ASSETS (CONTINUED)

Capital asset activity of the Village's business-type activities was as follows:

	Balance January 1, 2004	Additions	Disposals and Adjustments	Balance December 31, 2004
Assets not being depreciated:				
Land	\$ 45,619	\$ ---	\$ ---	\$ 45,619
Capital assets being depreciated:				
System	2,828,991	114,029	---	2,943,020
Equipment	20,438	---	---	20,438
Subtotal	2,849,429	114,029	---	2,963,458
Accumulated depreciation:				
System	1,473,162	83,045	---	1,556,207
Equipment	20,438	---	---	20,438
Subtotal	1,493,600	83,045	---	1,576,645
Net capital assets being depreciated	1,355,829	30,984	---	1,386,813
Net capital assets	\$ 1,401,448	\$ 30,984	\$ ---	\$ 1,432,432

NOTE 6 - LONG-TERM DEBT

BONDED DEBT - GENERAL LONG-TERM DEBT

Bonds were issued pursuant to the provisions of Act 175, Public Acts of Michigan 1952, as amended, for the purpose of paying part of the cost of improvements to major streets within the Village in accordance with a resolution duly adopted by the Village Council on May 5, 1993. Twenty (20) bonds of various denominations were issued dated June 17, 1993.

Bonds or portions of bonds in integral multiples of \$5,000 maturing in the year 2004 and thereafter may be redeemed and within any maturity by lot, on any interest payment date on or after February 1, 2003 at par and accrued interest to the date fixed for redemption plus a premium expressed as a percentage of par as follows:

2% of the par value of each bond or portion thereof called for redemption on or after February 1, 2003, but prior to February 1, 2004.

1% of the par value of each bond or portion thereof called for redemption on or after February 1, 2004, but prior to February 1, 2005.

No premium shall be paid on bonds or portions thereof called for redemption on or after February 1, 2005.

Notice of redemption of any bond or portion thereof shall be given by the Village at least thirty (30) days prior to the date fixed for redemption by mail to the registered owner at the registered address shown on the registration books kept by the transfer agent. Bonds shall be called for redemption in multiples of \$5,000 and any bond of a denomination of more than \$5,000 shall be treated as representing the number of bonds obtained by dividing the denomination of the bond by \$5,000 and such bond may be redeemed in part. Notice of redemption for a bond redeemed in part shall state that upon surrender of the bond to be redeemed a new bond or bonds in aggregate principal amount equal to the unredeemed portion of the bonds surrendered shall be issued to the registered owner thereof. No further interest on a bond or portion thereof called for redemption shall accrue after the date fixed for redemption, whether presented for redemption or not, provided funds are on hand with the transfer agent to redeem the bond portion thereof. If this bond is held by the MMBA, notice of redemption shall be given at least forty (40) days prior to the date fixed for redemption.

MAJOR STREET FUND
SCHEDULE OF BONDED DEBT

August 1	Interest Rate	Principal Due	Interest Due	Total Due
2005	5.80%	\$ 10,000	\$ 7,250	\$ 17,250
2006	5.80%	10,000	6,670	16,670
2007	5.80%	10,000	6,090	16,090
2008	5.80%	15,000	5,510	20,510
2009	5.80%	15,000	4,640	19,640
2010	5.80%	15,000	3,770	18,770
2011	5.80%	15,000	2,900	17,900
2012	5.80%	15,000	2,030	17,030
2013	5.80%	20,000	1,160	21,160
		<u>\$ 125,000</u>	<u>\$ 40,020</u>	<u>\$ 165,020</u>

LEASE PURCHASE - FIRE RESCUE TRUCK

The Village entered into a lease purchase agreement dated June 13, 2002 with Kansas State Bank of Manhattan for a fire rescue truck. The initial amount of the lease was \$85,897.29. The lease payments reflect an interest rate of 5.654%. Nine annual payments were due beginning on January 13, 2003. The outstanding principal balance at December 31, 2004 was \$68,755.30. Future obligations are as follows:

January 13	Principal Due	Interest Due	Total Due
2005	\$ 8,279.03	\$ 3,884.67	\$ 12,163.70
2006	8,746.79	3,416.91	12,163.70
2007	9,240.98	2,922.72	12,163.70
2008	9,763.10	2,400.60	12,163.70
2009	10,314.71	1,848.99	12,163.70
2010	10,897.50	1,266.20	12,163.70
2011	11,513.19	650.51	12,163.70
		<u>\$ 68,755.30</u>	<u>\$ 85,145.90</u>

VILLAGE OF CONCORD

NOTES TO FINANCIAL STATEMENTS

NOTE 6 - LONG-TERM DEBT (CONTINUED)

LEASE PURCHASE - DUMP TRUCK

The Village entered into a lease purchase agreement dated October 25, 2002, with Harco Leasing Company, Inc. for an International Dump Truck. The initial amount of the lease was \$63,842.50. The lease payments reflect an interest rate of 4.88%. Four annual payments of \$17,954.18 are due beginning October 25, 2003. The outstanding principal balance at December 31, 2004 was \$33,441.04. Future obligations are as follows:

<u>October 25</u>	<u>Principal Due</u>	<u>Interest Due</u>	<u>Total Due</u>
2005	\$ 16,322.26	\$ 1,631.92	\$ 17,954.18
2006	17,118.78	835.40	17,954.18
	<u>\$ 33,441.04</u>	<u>\$ 2,467.32</u>	<u>\$ 35,908.36</u>

LEASE PURCHASE - FIRE TRUCK

The Village entered into a lease purchase agreement dated December 28, 1999 with Kansas State Bank of Manhattan for a 1999 Kenworth Fire Truck. The initial amount of the lease was \$111,000. The lease payments reflect an interest rate of 5.71%. Eight annual payments of \$17,670.38 are due on January 5, 2001-2008. The outstanding principal balance at December 31, 2004 was \$61,492.85.

Future obligations are as follows:

<u>January 5</u>	<u>Principal Due</u>	<u>Interest Due</u>	<u>Total Due</u>
2005	\$ 14,095.81	\$ 3,574.57	\$ 17,670.38
2006	14,915.20	2,755.18	17,670.38
2007	15,782.22	1,888.16	17,670.38
2008	16,699.62	970.76	17,670.38
	<u>\$ 61,492.85</u>	<u>\$ 9,188.67</u>	<u>\$ 70,681.52</u>

LEASE PURCHASE - 2003 FORD F-350 DUMP TRUCK

The Village has a 48-month lease purchase agreement with Ford Motor Credit for a 2003 Ford F-350 Dump Truck. The lease calls for 4 annual payments of \$10,056.67, beginning on October 1, 2003. Initial purchase price was \$37,038, and the agreement concludes with a \$1.00 purchase price at the end of the lease term.

Future obligations are as follows:

<u>October 1</u>	<u>Principal Due</u>	<u>Interest Due</u>	<u>Total Due</u>
2005	\$ 8,983.93	\$ 1,072.74	\$ 10,056.67
2006	9,505.16	551.51	10,056.67
2007	.95	.05	1.00
	<u>\$ 18,490.04</u>	<u>\$ 1,624.30</u>	<u>\$ 20,114.34</u>

LONG-TERM DEBT 2004 SUMMARY:

	Balance 1/1/04	Additions	Principal Paid	Balance 12-31-04
Bonded Debt	\$ 135,000	\$ ---	\$ 10,000	\$ 125,000
Fire Truck Lease	74,814	---	13,321	61,493
Dump Truck Lease	26,981	---	8,491	18,490
Fire Rescue Truck Lease	76,592	---	7,837	68,755
Dump Truck Lease	49,004	---	15,563	33,441
	<u>\$ 362,391</u>	<u>\$ ---</u>	<u>\$ 55,212</u>	<u>\$ 307,179</u>

FUTURE OBLIGATIONS SUMMARY (Payments include interest)

Date	2003 Dump Truck	Major Street Bond	Fire Rescue Truck	International Fire Truck	Dump Truck	Total
2005	\$ 10,057	\$ 17,250	\$ 12,164	\$ 17,670	\$ 17,954	\$ 75,095
2006	10,057	16,670	12,164	17,670	17,954	74,515
2007	---	16,090	12,164	17,670	---	45,924
2008	---	20,510	12,164	17,672	---	50,346
2009	---	19,640	12,164	---	---	31,804
2010 and thereafter	---	74,860	7,935	---	---	82,795
	<u>\$ 20,114</u>	<u>\$ 165,020</u>	<u>\$ 68,755</u>	<u>\$ 70,682</u>	<u>\$ 35,908</u>	<u>\$ 360,479</u>

BONDED DEBT - WATER FUND

Bonds were issued for the purpose of paying part of the cost of improvements to the water supply system of the Village of Concord. Twenty (20) bonds of various denominations number 1 through 20 dated October 1, 1987 were issued in accordance with Ordinance Number 148 duly adopted and effective September 8, 1987.

These bonds were called and refinanced on October 30, 1997. The schedule of bonded debt is as follows:

WATER FUND
SCHEDULE OF BONDED DEBT
December 31, 2004

November 1	Bond Number	Interest Rate	Principal Due	Interest Due	Total Due
2005	18	4.76%	\$ 15,000	\$ 2,652	\$ 17,652
2006	19	4.80%	20,000	1,940	21,940
2007	20	4.90%	20,000	980	20,980
			<u>\$ 55,000</u>	<u>\$ 5,572</u>	<u>\$ 60,572</u>

VILLAGE OF CONCORD

NOTES TO FINANCIAL STATEMENTS

NOTE 6 - LONG-TERM DEBT (CONTINUED)

The cost of this refinancing involved a premium of \$2,100 and additional borrowings of \$10,000. The total savings of this refinancing to the Village were \$16,224.

NOTE 7 - ACCUMULATED PERSONAL AND VACATION PAY

Village employees are entitled to certain compensated absences based on their length of employment. With minor exceptions, compensated absences either vest or accumulate and are accrued when they are earned. The amount accrued at the end of the year totaled \$14,992, and is included in Long-Term Debt.

NOTE 8 - RETIREMENT PLAN

The Village has established a defined contribution pension plan. The Village contributes 5% of gross pay into individual retirement accounts for all employees who work at least 30 hours per week. The chief of police receives 6% of gross pay. Total contributions for 2004 were \$9,216 based on qualifying wages of \$184,320. Total Village wages were \$248,488.

On April 22, 1997, the Village adopted a deferred compensation plan under section 457 of the Internal Revenue Service Code. Employees working at least 30 hours per week qualify to participate. The Village has no obligation for providing post employment benefits.

NOTE 9 - RELATED PARTY ACTIVITY

The Village purchases fuel and various repair and maintenance items from Jenks Oil Company, a company owned by the Village President. Total related party activity for the year ended December 31, 2004 was \$10,523.

NOTE 10 - BUDGETARY ACCOUNTING

During the year ended December 31, 2004, the Village incurred expenditures that were in excess of the amounts appropriated in the following:

	Budget	Actual	Excess
GENERAL FUND			
General Government	\$ 151,019	\$ 154,239	\$ 3,220
Public Works	55,898	57,668	1,770
MAJOR STREET			
Public Works	39,790	41,204	1,414
LOCAL STREET			
Public Works	93,697	94,079	382

NOTE 11 - FUND BALANCE

Components of Fund Balance at December 31, 2004, are as follows:

A) \$2,223 of fund balance in the Major Street Fund is restricted. This amount represents money collected for future debt service.

B) \$4,971 of fund balance in the General Fund is designated. This amount represents money collected for the fire department.

NOTE 12 - SEGMENT INFORMATION FOR ENTERPRISE FUND

The Village maintains one Enterprise Fund providing water, sewer, and solid waste disposal services. Segment information for the year ended December 31, 2004, is as follows:

Operating Revenues	\$ 314,830
Operating Expenses Before Depreciation	243,818
Depreciation	83,045
Operating Income <Loss>	-12,033
Net Earnings <Loss>	-14,617
Total Assets	1,476,870
Long-Term Debt--Payable From Operating Revenue	55,000
Total Net Assets	1,356,922

REQUIRED SUPPLEMENTAL INFORMATION

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

YEAR ENDED DECEMBER 31, 2004

	Budgeted Amounts		Actual	Variance
	Original	Final	(Budgetary Basis)	
REVENUE				
Property Taxes	\$ 224,365	\$ 247,149	\$ 242,776	\$ -4,373
State Grants	96,700	115,856	116,533	677
Charges for Services	96,514	100,839	104,238	3,399
Interest	---	2,137	2,562	425
Other	50,850	129,672	149,576	19,904
Transfers In	---	---	---	---
TOTAL REVENUE	468,429	595,653	615,685	20,032
EXPENDITURES				
General Government	175,575	151,019	154,239	-3,220
Public Safety	203,591	193,651	192,980	671
Public Works	34,275	55,898	57,668	-1,770
Recreation and Culture	3,000	---	---	---
Debt Service	---	---	---	---
Capital Outlay	82,000	102,050	101,926	124
Other Uses - Operating Transfers Out	---	64,639	54,762	9,877
TOTAL EXPENDITURES	498,441	567,257	561,575	5,682
EXCESS OF REVENUE OVER <UNDER> EXPENDITURES AND OTHER USES	-30,012	28,396	54,110	25,714
BUDGETARY FUND BALANCE - JANUARY 1, 2004	304,733	304,733	304,733	---
BUDGETARY FUND BALANCE - DECEMBER 31, 2004	\$ 274,721	\$ 333,129	\$ 358,843	\$ 25,714

VILLAGE OF CONCORD

BUDGETARY COMPARISON SCHEDULE - MAJOR STREETS

YEAR ENDED DECEMBER 31, 2004

	Budgeted Amounts		Actual	Variance
	Original	Final	(Budgetary Basis)	
REVENUE				
Property Taxes	\$ ---	\$ ---	\$ ---	\$ ---
State Grants	59,586	71,212	71,212	---
Charges for Services	---	---	---	---
Interest	---	651	765	114
Other	---	712	712	---
Transfers In	---	---	---	---
TOTAL REVENUE	59,586	72,575	72,689	114
EXPENDITURES				
General Government	---	---	---	---
Public Safety	---	---	---	---
Public Works	33,340	39,790	41,204	-1,414
Recreation and Culture	---	---	---	---
Debt Service	17,830	17,830	17,830	---
Capital Outlay	---	---	---	---
Other Uses - Operating Transfers Out	15,000	---	---	---
TOTAL EXPENDITURES	66,170	57,620	59,034	-1,414
EXCESS OF REVENUE OVER <UNDER> EXPENDITURES AND OTHER USES	-6,584	14,955	13,655	-1,300
BUDGETARY FUND BALANCE - JANUARY 1, 2004	54,656	54,656	54,656	---
BUDGETARY FUND BALANCE - DECEMBER 31, 2004	\$ 48,072	\$ 69,611	\$ 68,311	\$ -1,300

BUDGETARY COMPARISON SCHEDULE - LOCAL STREETS

YEAR ENDED DECEMBER 31, 2004

	Budgeted Amounts		Actual	Variance
	Original	Final	(Budgetary Basis)	
REVENUE				
Property Taxes	\$ 56,091	\$ 60,826	\$ 60,173	\$ -653
State Grants	24,000	30,596	32,725	2,129
Charges for Services	---	---	---	---
Interest	---	675	797	122
Other	---	711	711	---
Transfers In	15,000	---	---	---
TOTAL REVENUE	95,091	92,808	94,406	1,598
EXPENDITURES				
General Government	---	---	---	---
Public Safety	---	---	---	---
Public Works	109,600	93,697	94,079	-382
Recreation and Culture	---	---	---	---
Debt Service	---	---	---	---
Capital Outlay	---	---	---	---
Other Uses - Operating Transfers Out	---	---	---	---
TOTAL EXPENDITURES	109,600	93,697	94,079	-382
EXCESS OF REVENUE OVER <UNDER> EXPENDITURES AND OTHER USES	-14,509	-889	327	1,216
BUDGETARY FUND BALANCE - JANUARY 1, 2004	53,329	53,329	53,329	---
BUDGETARY FUND BALANCE - DECEMBER 31, 2004	\$ 38,820	\$ 52,440	\$ 53,656	\$ 1,216

OTHER SUPPLEMENTAL INFORMATION

BALANCE SHEET**DECEMBER 31, 2004****(With Comparative Amounts At December 31, 2003)**

	<u>2004</u>	<u>2003</u>
ASSETS		
Cash	\$ 242,241	\$ 190,613
Receivables		
Taxes	14,185	19,609
Other	561	199
Inventory	10,130	10,408
Prepaid Expenses	38,233	64,114
Due from Other Funds	62,473	33,669
Due from Other Governments	---	---
TOTAL ASSETS	<u>\$ 367,823</u>	<u>\$ 318,612</u>
 LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts Payable	\$ 7,160	\$ 11,759
Deposits	1,820	2,120
Due to Other Funds	---	---
TOTAL LIABILITIES	<u>8,980</u>	<u>13,879</u>
 FUND BALANCE		
Unreserved: Designated	4,971	138,251
Undesignated	353,872	166,482
TOTAL FUND BALANCE	<u>358,843</u>	<u>304,733</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 367,823</u>	<u>\$ 318,612</u>

VILLAGE OF CONCORD**General Fund****STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL****YEAR ENDED DECEMBER 31, 2004**

(With Comparative Actual Amounts For Year Ended December 31, 2003)

	2004			2003
	BUDGET	ACTUAL	FAVORABLE <UNFAVORABLE>	ACTUAL
REVENUE				
Taxes	\$ 247,149	\$ 242,776	\$ -4,373	\$ 238,903
Licenses and Permit	3,200	3,340	140	2,565
State Grants	115,856	116,533	677	127,471
Miscellaneous	127,474	147,794	20,320	95,402
Other Governmental Revenue	100,839	104,238	3,399	91,198
Reimbursement and Refunds	1,135	1,004	-131	1,134
TOTAL REVENUE	595,653	615,685	20,032	556,673
EXPENDITURES				
General Government	151,019	154,239	-3,220	174,736
Public Safety	193,651	192,980	671	200,091
Public Works	55,898	57,668	-1,770	49,878
Parks and Recreation	---	---	---	132
Capital Outlay	102,050	101,926	124	127,510
TOTAL EXPENDITURES	502,618	506,813	-4,195	552,347
EXCESS OF REVENUE OVER <UNDER> EXPENDITURES	93,035	108,872	15,837	4,326
TRANSFERS IN	---	---	---	5,000
TRANSFERS <OUT>	-64,639	-54,762	9,877	-8,993
TRANSFERS TO OTHER GOVERNMENTS	---	---	---	---
FUND BALANCE - BEGINNING OF YEAR	304,733	304,733	---	304,400
FUND BALANCE - END OF YEAR	\$ 333,129	\$ 358,843	\$ 25,714	\$ 304,733

STATEMENT OF REVENUE - COMPARED TO BUDGET

YEAR ENDED DECEMBER 31, 2004

(With Comparative Actual Amounts For Year Ended December 31, 2003)

	2004			2003
	BUDGET	ACTUAL	FAVORABLE <UNFAVORABLE>	ACTUAL
TAXES				
Current Taxes - Real	\$ 222,800	\$ 215,186	\$ -7,614	\$ 210,177
Current Taxes - Personal	19,967	23,110	3,143	24,222
Interest, Penalties and Administration Fee on Taxes	4,382	4,480	98	4,504
TOTAL TAXES	<u>247,149</u>	<u>242,776</u>	<u>-4,373</u>	<u>238,903</u>
LICENSES AND PERMITS				
Business Licenses and Permits	<u>3,200</u>	<u>3,340</u>	<u>140</u>	<u>2,565</u>
STATE GRANTS				
State Shared Revenue	115,150	115,150	---	126,752
Liquor License	706	706	---	719
Act 32	<u>---</u>	<u>677</u>	<u>677</u>	<u>---</u>
TOTAL STATE GRANTS	<u>115,856</u>	<u>116,533</u>	<u>677</u>	<u>127,471</u>
MISCELLANEOUS				
Donations	31	31	---	227
Usage Fees	---	330	330	206
Interest	2,137	2,562	425	1,942
Building Rental	19,318	19,997	679	15,700
Equipment Rental	36,966	41,428	4,462	34,997
Miscellaneous	5,456	3,258	-2,198	10,321
Police Fines	4,129	5,675	1,546	5,776
Franchise Fees	4,016	4,016	---	4,939
Proceeds from Insurance	888	888	---	350
Sale of Land	<u>54,533</u>	<u>69,609</u>	<u>15,076</u>	<u>20,944</u>
TOTAL MISCELLANEOUS	<u>127,474</u>	<u>147,794</u>	<u>20,320</u>	<u>95,402</u>
REIMBURSEMENTS	<u>1,135</u>	<u>1,004</u>	<u>-131</u>	<u>1,134</u>
REVENUE FROM OTHER GOVERNMENTS				
Concord Township	92,049	94,293	2,244	84,566
Jackson County	237	237	---	685
Village of Hanover	5,053	6,208	1,155	2,447
Concord Schools	<u>3,500</u>	<u>3,500</u>	<u>---</u>	<u>3,500</u>
TOTAL REVENUE FROM OTHER GOVERNMENTS	<u>100,839</u>	<u>104,238</u>	<u>3,399</u>	<u>91,198</u>
TRANSFERS IN	<u>---</u>	<u>---</u>	<u>---</u>	<u>5,000</u>
TOTAL REVENUE	<u>\$ 595,653</u>	<u>\$ 615,685</u>	<u>\$ 20,032</u>	<u>\$ 561,673</u>

VILLAGE OF CONCORD

General Fund

STATEMENT OF EXPENDITURES - COMPARED TO BUDGET

YEAR ENDED DECEMBER 31, 2004

(With Comparative Actual Amounts For Year Ended December 31, 2003)

	2004			2003
	BUDGET	ACTUAL	FAVORABLE <UNFAVORABLE>	ACTUAL
GENERAL GOVERNMENT				
VILLAGE COUNCIL				
Wages and Benefits	\$ ---	\$ ---	\$ ---	\$ 8,047
Materials and Supplies	1,930	1,943	-13	3,516
Contracted Services	---	---	---	---
TOTAL VILLAGE COUNCIL	1,930	1,943	-13	11,563
VILLAGE PRESIDENT				
Wages and Benefit	---	---	---	3,768
Materials and Supplies	650	597	53	543
TOTAL VILLAGE PRESIDENT	650	597	53	4,311
INSPECTORS				
Wages and Benefits	1,225	1,098	127	1,486
Materials and Supplies	562	538	24	815
Contracted Services	1,360	1,280	80	1,345
TOTAL INSPECTORS	3,147	2,916	231	3,646
ELECTIONS				
Wages	1,310	1,310	---	---
CLERK				
Wages and Benefits	46,985	48,176	-1,191	46,230
Materials and Supplies	4,578	4,603	-25	5,849
Contracted Services	---	---	---	---
TOTAL CLERK	51,563	52,779	-1,216	52,079
TREASURER				
Wages and Benefits	1,668	1,668	---	1,669
Materials and Supplies	253	282	-29	295
Contracted Services	---	---	---	---
TOTAL TREASURER	\$ 1,921	\$ 1,950	\$ -29	\$ 1,964

	2004			2003
	BUDGET	ACTUAL	FAVORABLE <UNFAVORABLE>	ACTUAL
PLANNING COMMISSION				
Wages and Benefits	\$ ---	\$ ---	\$ ---	\$ 3,375
Materials and Supplies	485	485	---	342
Contracted Services	---	---	---	297
TOTAL PLANNING COMMISSION	485	485	---	4,014
BUILDINGS AND GROUNDS				
Wages and Benefits	16,979	18,099	-1,120	19,099
Materials and Supplies	8,382	8,750	-368	10,383
Utilities	16,830	17,171	-341	16,126
Street Lights	15,883	15,863	20	12,926
Repairs and Maintenance	3,956	3,756	200	2,302
Contracted Services	4,526	4,414	112	10,396
TOTAL BUILDINGS AND GROUNDS	66,556	68,053	-1,497	71,232
INSURANCE	16,645	16,643	2	21,153
AUDIT	1,900	2,200	-300	1,300
LEGAL FEES	4,912	5,363	-451	3,474
TOTAL GENERAL GOVERNMENT	\$ 151,019	\$ 154,239	\$ -3,220	\$ 174,736

VILLAGE OF CONCORD**General Fund****STATEMENT OF EXPENDITURES - COMPARED TO BUDGET (CONT.)****YEAR ENDED DECEMBER 31, 2004**

(With Comparative Actual Amounts for Year Ended December 31, 2003)

	2004			2003
	BUDGET	ACTUAL	FAVORABLE <UNFAVORABLE>	ACTUAL
PUBLIC SAFETY				
POLICE DEPARTMENT				
Wages and Benefits	\$ 136,694	\$ 135,177	\$ 1,517	\$ 127,807
Materials and Supplies	6,652	6,612	40	7,586
Contracted Services	---	---	---	500
TOTAL POLICE DEPARTMENT	143,346	141,789	1,557	135,893
FIRE DEPARTMENT				
Wages and Benefits	25,883	24,400	1,483	27,823
Insurance	6,209	6,209	---	5,395
Materials and Supplies	17,628	19,997	-2,369	19,160
Contracted Services	585	585	---	2,820
Hydrant Rental	--	---	---	9,000
TOTAL FIRE DEPARTMENT	50,305	51,191	-886	64,198
TOTAL PUBLIC SAFETY	\$ 193,651	\$ 192,980	\$ 671	\$ 200,091
PUBLIC WORKS				
MOTOR POOL				
Wages and Benefits	\$ 8,347	\$ 9,777	\$ -1,430	\$ 7,691
Materials and Supplies	12,495	13,120	-625	12,947
Repairs and Maintenance	9,619	9,498	121	8,607
Contracted Services	720	---	720	---
Insurance - Auto	5,166	5,166	---	5,632
TOTAL MOTOR POOL	36,347	37,561	-1,214	34,877
TREES				
Wages and Benefits	5,206	5,547	-341	1,367
Materials and Supplies	284	271	13	94
Contracted Services	11,843	12,081	-238	50
TOTAL TREES	17,333	17,899	-566	1,511
SIDEWALKS				
Wages and Benefits	---	---	---	7,520
Materials and Supplies	518	518	---	5,650
Contracted Services	1,700	1,690	10	320
TOTAL SIDEWALKS	2,218	2,208	10	13,490
TOTAL PUBLIC WORKS	\$ 55,898	\$ 57,668	\$ -1,770	\$ 49,878

	2004			2003
	BUDGET	ACTUAL	FAVORABLE <UNFAVORABLE>	ACTUAL
PARKS AND RECREATION				
PARKS	\$ ---	\$ ---	\$ ---	\$ 118
HISTORICAL COMMISSION	---	---	---	14
TOTAL PARKS AND RECREATION	\$ ---	\$ ---	\$ ---	\$ 132
CAPITAL OUTLAY				
BUILDINGS AND GROUNDS	\$ 30,143	29,324	819	48,276
MOTOR POOL	33,011	33,731	-720	36,407
FIRE DEPARTMENT	38,896	38,871	25	42,827
TOTAL CAPITAL OUTLAY	\$ 102,050	\$ 101,926	\$ 124	\$ 127,510
TRANSFERS OUT	64,639	54,762	9,877	8,993
TRANSFERS TO OTHER GOVERNMENTS	---	---	---	---
TOTAL EXPENDITURES	\$ 567,257	\$ 561,575	\$ 5,682	\$ 561,340

VILLAGE OF CONCORD

Special Revenue Funds

COMBINING BALANCE SHEET

DECEMBER 31, 2004

	<u>MAJOR STREET</u>	<u>LOCAL STREET</u>	<u>TOTAL</u>
ASSETS			
Cash	\$ 71,567	\$ 50,693	\$ 122,260
Accounts Receivable	---	---	---
Taxes Receivable	---	5,157	5,157
Prepaid Expenses	425	424	849
TOTAL ASSETS	<u>\$ 71,992</u>	<u>\$ 56,274</u>	<u>\$ 128,266</u>
 LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 1,683	\$ 339	\$ 2,022
Due to Other Funds	1,998	2,279	4,277
TOTAL LIABILITIES	<u>3,681</u>	<u>2,618</u>	<u>6,299</u>
 FUND BALANCES	<u>68,311</u>	<u>53,656</u>	<u>121,967</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 71,992</u>	<u>\$ 56,274</u>	<u>\$ 128,266</u>

**COMBINING STATEMENTS OF REVENUE,
EXPENDITURES AND CHANGES IN FUND BALANCES**

YEAR ENDED DECEMBER 31, 2004

	MAJOR STREET	LOCAL STREET	TOTAL
REVENUE			
State Grants	\$ 71,212	\$ 32,725	\$ 103,937
Interest Earned	765	797	1,562
Miscellaneous	712	711	1,423
Property Taxes	---	60,173	60,173
TOTAL REVENUE	72,689	94,406	167,095
EXPENDITURES			
Public Works	41,204	94,079	135,283
Public Safety	---	---	---
Community Enrichment and Development	---	---	---
Debt Service	17,830	---	17,830
TOTAL EXPENDITURES	59,034	94,079	153,113
EXCESS OF REVENUE OVER EXPENDITURES	13,655	327	13,982
TRANSFERS IN	---	---	---
FUND BALANCES - BEGINNING OF YEAR	54,656	53,329	107,985
FUND BALANCES - END OF YEAR	\$ 68,311	\$ 53,656	\$ 121,967

BALANCE SHEET**DECEMBER 31, 2004**

(With Comparative Amounts For December 31, 2003)

	<u>2004</u>	<u>2003</u>
ASSETS		
Cash	\$ 71,567	\$ 55,252
Accounts Receivable	---	---
Prepaid Expenses	<u>425</u>	<u>---</u>
TOTAL ASSETS	<u>\$ 71,992</u>	<u>\$ 55,252</u>
 LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts Payable	\$ 1,683	\$ 317
Due to Other Funds	<u>1,998</u>	<u>279</u>
TOTAL LIABILITIES	<u>3,681</u>	<u>596</u>
 FUND BALANCE		
Reserved	2,223	2,175
Unreserved - Undesignated	<u>66,088</u>	<u>52,481</u>
TOTAL FUND BALANCE	<u>68,311</u>	<u>54,656</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 71,992</u>	<u>\$ 55,252</u>

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2004

(With Comparative Actual Amounts for Year Ended December 31, 2003)

	2004			2003
	BUDGET	ACTUAL	FAVORABLE <UNFAVORABLE>	ACTUAL
REVENUE				
State Revenue	\$ 71,212	\$ 71,212	\$ ---	\$ 65,271
Miscellaneous	712	712	---	631
Interest	651	765	114	436
TOTAL REVENUE	72,575	72,689	114	66,338
EXPENDITURES				
Street Construction	---	---	---	---
Street Maintenance	2,737	3,643	-906	4,238
Drain-Curb Construction	9,191	9,071	120	495
Drain-Curb Maintenance	8,119	8,377	-258	7,623
Signs and Signals	6,912	7,559	-647	4,092
Winter Maintenance	8,050	7,968	82	5,457
Tree Removal	757	757	---	208
Administrative	4,024	3,829	195	3,601
Debt Service	17,830	17,830	---	18,350
TOTAL EXPENDITURES	57,620	59,034	-1,414	44,064
EXCESS REVENUE OVER EXPENDITURES	14,955	13,655	-1,300	22,274
TRANSFERS IN <OUT>	---	---	---	---
FUND BALANCE - BEGINNING OF YEAR	54,656	54,656	---	32,382
FUND BALANCE - END OF YEAR	\$ 69,611	\$ 68,311	\$ -1,300	\$ 54,656

BALANCE SHEET**DECEMBER 31, 2004**

(With Comparative Amounts For December 31, 2003)

	<u>2004</u>	<u>2003</u>
ASSETS		
Cash	\$ 50,693	\$ 49,625
Accounts Receivable	---	---
Taxes Receivable	5,157	6,055
Prepaid Expenses	424	---
Due from Other Funds	---	---
TOTAL ASSETS	<u>\$ 56,274</u>	<u>\$ 55,680</u>
 LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts Payable	\$ 339	\$ 392
Due to Other Funds	2,279	1,959
TOTAL LIABILITIES	<u>2,618</u>	<u>2,351</u>
 FUND BALANCE		
Unreserved – Undesignated	53,656	53,329
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 56,274</u>	<u>\$ 55,680</u>

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2004

(With Comparative Actual Amounts For Year Ended December 31, 2003)

	2004			2003
	BUDGET	ACTUAL	FAVORABLE <UNFAVORABLE>	ACTUAL
REVENUE				
Current Property Taxes - Real	\$ 55,842	\$ 54,396	\$ -1,446	\$ 52,542
Current Property Taxes - Personal	4,984	5,777	793	6,055
State Revenue	30,596	32,725	2,129	28,536
Interest Earned	675	797	122	158
Miscellaneous	711	711	---	2,292
TOTAL REVENUE	92,808	94,406	1,598	89,583
EXPENDITURES				
Street Construction	57,602	57,602	---	13,572
Street Maintenance	8,467	8,510	-43	11,022
Drain-Curb Maintenance	4,500	4,763	-263	8,336
Drain-Curb Construction	8,885	8,884	1	188
Signs and Signals	2,256	2,576	-320	5,289
Winter Maintenance	7,397	7,315	82	5,149
Tree Removal	510	510	---	535
Administrative	4,080	3,919	161	3,601
TOTAL EXPENDITURES	93,697	94,079	-382	47,692
EXCESS REVENUE OVER <UNDER> EXPENDITURES	-889	327	1,216	41,891
TRANSFERS IN	---	---	---	7,090
FUND BALANCE - BEGINNING OF YEAR	53,329	53,329	---	4,348
FUND BALANCE - END OF YEAR	\$ 52,440	\$ 53,656	\$ 1,216	\$ 53,329

VILLAGE OF CONCORD

Proprietary Fund

COMPARATIVE BALANCE SHEET

DECEMBER 31, 2004 AND 2003

	2004	2003
ASSETS		
Cash	\$ 38,326	\$ 2,317
Accounts Receivable	1,341	3,992
Due from Other Funds	---	---
Prepaid Expenses	714	11,528
Land and Improvements	45,619	45,619
Plant and Equipment	2,963,458	2,849,428
Accumulated Depreciation	-1,576,645	-1,493,600
Deferred Connection Fees	4,057	4,839
TOTAL ASSETS	\$ 1,476,870	\$ 1,424,123
LIABILITIES AND FUND EQUITY		
LIABILITIES		
Accounts Payable	\$ 2,840	\$ 1,496
Due to Other Funds	58,051	31,011
Bonds Payable	55,000	70,000
Deferred Connection Fees	4,057	4,839
TOTAL LIABILITIES	119,948	107,346
FUND EQUITY		
Contributed Capital	583,817	583,817
Retained Earnings - Reserved	15,000	15,000
Retained Earnings - Unreserved	758,105	717,960
TOTAL FUND EQUITY	1,356,922	1,316,777
TOTAL LIABILITIES AND FUND EQUITY	\$ 1,476,870	\$ 1,424,123

COMPARATIVE STATEMENT OF REVENUE, EXPENSES AND CHANGES IN RETAINED EARNINGS

YEARS ENDED DECEMBER 31, 2004 AND 2003

	2004	2003
OPERATING REVENUE		
Charges for Services	\$ 286,015	\$ 276,390
Connection Charges	11,349	7,949
Penalties and Fees	3,350	4,610
Rental	12,000	9,000
Recycled Materials	504	1,084
Miscellaneous	1,612	235
TOTAL OPERATING REVENUE	314,830	299,268
OPERATING EXPENSES		
Wages and Benefits	53,352	43,832
Insurance	3,856	4,053
Operating Supplies	17,789	29,081
Dues and Training	2,895	2,342
Professional Services	1,300	1,500
Contracted Services	109,506	103,691
Utilities	12,257	14,065
Repairs and Maintenance	25,460	17,536
Equipment Usage	17,403	17,152
Building Rent	---	5,000
Depreciation	83,045	79,250
Miscellaneous	---	---
Administrative	---	5,000
TOTAL OPERATING EXPENSES	326,863	322,502
OPERATING INCOME <LOSS>	-12,033	-23,234
NON-OPERATING REVENUE <EXPENSES>		
Interest Revenue	686	684
Interest and Fees Expense	-3,270	-3,938
TOTAL NON-OPERATING REVENUE <EXPENSES>	-2,584	-3,254
NET INCOME <LOSS>	-14,617	-26,488
TRANSFER IN	54,762	1,903
RETAINED EARNINGS - BEGINNING OF YEAR	732,960	757,545
RETAINED EARNINGS - END OF YEAR	\$ 773,105	\$ 732,960

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**FOR THE YEAR ENDED DECEMBER 31, 2004**

	BALANCE 1/1/04	ADDITIONS	DEDUCTIONS	BALANCE 12/31/04
ASSETS				
Cash	\$ 1,100	\$ 83,741	\$ 84,696	\$ 145
Due from Other Funds	---	---	---	---
TOTAL ASSETS	\$ 1,100	\$ 83,741	\$ 84,696	\$ 145
LIABILITIES				
Accounts Payable	\$ ---	\$ 83,741	\$ 83,741	\$ ---
Due to Employees	680	---	680	---
Due to Other Funds	420	---	275	145
TOTAL LIABILITIES	\$ 1,100	\$ 83,741	\$ 84,696	\$ 145

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Village Council
Village of Concord

We have audited the general purpose financial statements of the Village of Concord as of and for the year ended December 31, 2004, and have issued our report thereon dated February 3, 2005. We conducted our audit in accordance with United States generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village of Concord's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provision of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Concord's control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weakness.

This report is intended for the information of management, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.



Karl L. Drake, P.C.
Certified Public Accountant

February 3, 2005

Karl L. Drake, P.C.
Certified Public Accountant

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February 3, 2005

Village Council
Village of Concord
110 Hanover Street, P.O. Box 306
Concord, Michigan 49237

I have recently completed the audit of the Village of Concord for the year ended December 31, 2004, and would like to take this opportunity to make the following comments and recommendations.

Financial Summary

The General Fund of the Village completed the year with \$358,843 of fund balance. Of this total, \$4,971 is designated for the Fire Department, leaving \$353,872 available for general purposes. General Fund net assets (fund balance) increased by \$54,110 in 2004. This was a good year for the General Fund. Revenues exceeded budgeted amounts by over \$20,000, and expenditures were \$5,000 less than budget.

The State of Michigan is continuing to decrease the amount of state revenue sharing, one of your General Fund's significant revenue sources. Also, benefit costs such as healthcare are rising at alarming rates. Fuel and energy costs continue to increase. It will continue to be very challenging to keep the General Fund healthy. Continue to work hard to maintain an adequate fund balance.

The Joint Fund (Water/Sewer/Solid Waste) finished the year with total equity of \$1,356,922. However, all of this equity is in fixed assets. The actual cash position at the end of the year showed \$38,326 of cash in the bank, \$2,840 of bills to be paid, and \$58,051 owed to the General Fund. Management has indicated that rate increases are being implemented which should help increase the financial stability of this fund. In 2004, the Fund showed an operating deficit of \$12,033. Rates will need to be reviewed frequently to ensure adequate revenues to operate and maintain the water, sewer and solid waste collection services. I recommend that the goal of obtaining a cash reserve to fund minor improvements to the systems or significant repairs be implemented. An approximate goal would be \$100,000 of available cash. This will not be possible under the current rate set-up.

The Major Street fund finished the year with a fund balance of \$68,311, and the Local Street fund finished the year with a fund balance of \$53,656.

The current financial environment for local governments is very challenging. It will be increasingly important to find out from your residents which services are most important to them, and how much they are willing to pay for them. Very soon you will be forced to make choices about the level of service provided.

Books and Records

The overall condition of the books and records remains excellent. Sheryll does an outstanding job of doing the Village accounting. All required documentation was readily at hand, and easily found. The staff was very cooperative and easy to work with.

GASB 34

Beginning in 2004, the Village is subject to new accounting procedures, which alter the audit presentation, and require additional procedures regarding fixed assets to be implemented. A consolidated financial statement approach has been implemented in addition to the previously existing fund structure, which adds the Villages general fixed assets (net of depreciation) and general long-term debt to the general fund. In some municipalities with a high debt load, this will place general fund into a deficit position. For the Village of Concord, this increases fund balance, and should make future borrowing easier.

Thank you for the opportunity to work with the Village.

Sincerely,

A handwritten signature in cursive script that reads "Karl L. Drake".

Karl L. Drake, CPA